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# SEARS HOLDINGS

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## Vendor Q&A

### **1. How does the filing affect Sears' operations?**

We are open for business and the restructuring will have little impact on our day-to-day operations. Our Sears and Kmart stores, and online and mobile platforms, are open as usual and continue to offer a full range of products and services to members. Our services and brand businesses continue operating as normal as well. We are committed to working with our vendors and other partners to help maintain inventory levels and ensure timely product delivery.

### **2. Do you have sufficient liquidity to meet your obligations?**

We have received commitments for \$300 million in new debtor-in-possession (DIP) financing and are negotiating a \$300 million subordinated DIP financing. This financing will help support our operations – and meet our obligations to vendors – during this process.

### **3. Will I be paid for goods already delivered or services already rendered to the company? On what schedule?**

We are required to maintain a distinction between receivables for goods delivered/services rendered to Sears *before* the filing date and receivables for goods delivered/services rendered *on or after* the filing date.

We will pay vendors in the ordinary course for all goods and services provided *on or after* the filing date. Invoices for these goods and services should be submitted through the ordinary channels, and payments will be processed in accordance with the terms of our purchase order or contract.

The Court will establish a process for all amounts owed for goods delivered and services rendered prior to the filing date. Creditors will be provided notice and an opportunity to file claims.

### **4. What should I do if I have unpaid invoices dated before the filing process? Are there forms I need to complete or anything else I need to do now to file my claim?**

It may depend on whether goods or services were delivered or rendered prior to the filing date.

If prior, please visit the website managed by our Claims Agent at <http://restructuring.primeclerk.com/sears> to download the claims request form. Please complete the form and email it to [SHCvendors@primeclerk.com](mailto:SHCvendors@primeclerk.com).

If you have any question as to whether your invoice is prepetition or postpetition, please reach out to your usual contacts at Sears Holdings.

**5. Can vendors apply payments made after the filing to pre-filing invoices?**

No. The U.S. Bankruptcy Code prohibits you from doing so.

We are required to maintain a distinction between receivables for goods delivered/services rendered to Sears *before* the filing date and receivables for goods delivered/services rendered *after* the filing date.

**6. Are vendors allowed to reclaim goods already delivered to the company?**

No. Taking back goods from a company that has filed for Chapter 11 is prohibited by the Bankruptcy Code, unless specifically authorized by the Court.

**7. In light of the Chapter 11, can I renegotiate the terms of my existing contract with the company?**

At this time, no, as you are bound to your contractual obligations.

**8. How can I get out of my existing contract with the company?**

A party to a contract with a company in Chapter 11 is prohibited from attempting to terminate that contract by something called an “automatic stay.” This is the case even if the party is owed money from the company for goods delivered or services rendered before the Chapter 11 filing. Note that you are barred, by the automatic stay, from attempting to collect any overdue payments. Please refer to the process for filing a claim.

**9. Do you expect a “critical vendor” motion?**

We received approval from the court to pay some portion of certain prepetition claims of a select group of vendors that are essential to the production of our products and are vital to our ability to continue to deliver our products on a timely basis to our customers. We are required to apply stringent criteria when making these decisions. Accordingly, the request does not cover all of our vendors.

**10. Will all vendors be treated the same going forward? If not, why are some being treated differently? If I am deemed a “critical vendor,” what does that mean for me?**

Vendors that deliver goods following the petition date will be paid for such goods.

A number of our vendors are owed money for goods delivered prior to the bankruptcy filing. Certain of these vendors are essential to our ongoing operations and our ability to deliver the products and services our customers and members desire – and also our ability to generate revenue to pay all of our other postpetition vendors. These vendors are virtually irreplaceable and losing them would immediately put our relationships with our customers and members in serious jeopardy.

We have therefore determined that payment of some portion of the prepetition claims of this narrowly-tailored group of lenders may be necessary because failure to do so would very likely disrupt our ability to generate revenue or serve our customers and members going forward.

**11. Does my contact at Sears Holdings remain the same?**

Yes. Please continue to use your usual contacts at Sears Holdings for any future questions.

**12. Where can I go for more information and updates?**

You can obtain more information on our restructuring from a number of resources:

- The website managed by our Claims Agent: <http://restructuring.primeclerk.com/sears>
- A dedicated website we have created for our restructuring: [restructuring.searsholdings.com](http://restructuring.searsholdings.com)
- By calling the toll-free restructuring hotline at (844) 384-4460 (for domestic calls) and +1 (929) 955-2419 (for tolled international calls)